



BUSINESS OPERATIONS – JANUARY 4, 2017

ARPA Board Authorizes Redemption of a Portion of Series 2003 Bonds. The ARPA Board has been working with its Financial Advisor, Public Financial Management (PFM) to reduce its ongoing debt service obligations. At its December meeting, the Board passed a resolution authorizing the redemption of the 2003 Series Bonds. The Board will initially retire a portion of the bonds in the first quarter of 2017 and evaluate its ability to retire additional bonds later in the year. Once the bonds are retired, ARPA will realize an annual debt service reduction of approximately \$256,000.

2017 Budget – Power Costs Remain Stable for the Sixth Consecutive Year. At its December meeting, the ARPA Board approved a budget for 2017 that results in no power supply cost increase for the sixth consecutive year.

The budget includes total Revenues of approximately \$32.7 million with sales budgeted at 266.3 million kWh. The power supply budget is approximately \$13.3 million and projects that approximately 63% of the 2017 ARPA power supply will be provided by Twin Eagle Resource Management. Twenty-nine percent of the ARPA member's power supply requirement is anticipated to be provided by federal hydro-power contracts with the Western Area Power Administration and approximately 8% will be provided by the 5 wind turbine generators owned by Lamar (3) and ARPA (2). Total Transmission cost is budgeted at \$2.4 million and includes the cost for Network Transmission Service from both Tri-State and Black Hills, and point-to-point agreements with a variety of third-party transmission providers. Debt Service payments are budgeted at \$10.2 million, with \$7.9 million in bond interest and \$2.3 million in bond principal.

2017 Wholesale Rate Review. Based on its 2017 budget, the Board of Directors adopted Resolution No. 08-16, which resolves that no changes be made to the existing ARPA Rate Tariff.

ARPA Board Approves Transmission Agreement for Service to Trinidad. At its December meeting, the ARPA Board approved a transmission agreement with San Isabel Electric Association for service to the City of Trinidad. The agreement provides fixed transmission rates through 2019 and the means to establish future rates based on San Isabel's actual costs to serve the City, stabilizing transmission rates for Trinidad consumers.

Summary of October 2016 Financial and Operating Statements. During the month of October total operating revenues were better than budget by \$73,652. Total costs of goods sold were over budget 2.4%, and A & G expenses for the month were just over budget by \$80,254. There was a net loss of \$101,977 for the month; year to date (YTD) net income is \$3,518,426. Member sales for October were 1.2% better than October of 2015, and YTD sales are better than 2015 by approximately 1.1%.

Board of Directors Meeting Dates and Locations for 2017. The Board once again voted to hold five of its 2017 scheduled meetings by WebCast. This alleviates the cost of travel for Board members and staff, and provides an opportunity for additional participation from the member's governing boards and general public. If anyone wishes to receive a copy of the dates and locations for the 2017 scheduled meetings, and details regarding the WebCasts, please call the ARPA office at 719-336-3496.

Next ARPA Meeting. The next ARPA board meeting is scheduled for Thursday, January 26, 2017 and will be held by WebCast. ARPA board meetings are open to the public.